

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF INSURANCE, SECURITIES AND BANKING
810 FIRST ST., NE, SUITE 701
WASHINGTON, DC 20002**

IN THE MATTER OF:

**Group Hospitalization and Medical Services, Inc.,
Small Group Medical and Drug Products
PPO HRA and PPO HSA**

CASE No. IB-RF-04-10

ORDER

Background

On December 4, 2009, Group Hospitalization and Medical Services, Inc. ("GHMSI") filed with the Department of Insurance, Securities and Banking ("Department") a rate proposal for GHMSI Inc., d/b/a CareFirst BlueCross BlueShield's Small Group Medical and Drug Products PPO HRA and PPO HSA, Rate Filing #1334DC, SERFF Tracking Number CFAP-126401904 ("Filing"). In the Filing, GHMSI proposed a 17.2% effective annual rate increase to the Small Group PPO HSA plan ("HSA Plan") and a 31.8% effective annual rate increase to the Small Group PPO HRA plan ("HRA Plan"). The proposed rate increases for the HSA Plan and HRA Plan had an effective date of April 1, 2010. Previously, the HSA Plan had a rate increase filing with a 28.6% effective annual rate increase with an effective date of January 1, 2010, for policies renewing in the first quarter of 2010, and the HRA Plan had a 34.7% effective annual rate increase with an effective date of January 1, 2010, for policies renewing in the first quarter of 2010.

Since March 2010, the Department has received numerous complaints regarding increases in the premium costs of certain health insurance policies issued in the District of Columbia. The Department was concerned about the fiscal impact of the Plans' rate increases to the Plans' subscribers and contacted GHMSI regarding the rate increases approved for the Plans. Both the Department and GHMSI have worked cooperatively to effect a reduction of the increase in rates charged to the Plans' policyholders. It is determined that it is in the best interest of the Plans' subscribers that GHMSI rescind its requests for the Plans' rate increases in excess of 12% for 2010. GHMSI has consented to the Department's reduction to the annual increase in the rates of the Plans for 2010 to a 12% increase over the rates of the Plans' total 2009 premium and the issuance of this Consent Order.

Findings

The Department of Insurance, Securities and Banking, having reviewed the Filing, makes the following findings:

- (1) The Filing increased the premium rates of the HSA Plan by 17.2%, in addition to the previously approved increase in rates of 28.6% for the 1st quarter of 2010;
- (2) The Filing increased the premium rates of the HRA Plan by 31.8%, in addition to the previously approved increase in rates of 34.7% for the 1st quarter of 2010;
- (3) GHMSI agrees with the Department's rescission of its approval of the Filing and any previous rate filings approved by the Department on or after January 1, 2009, for the HSA and HRA Plans to the extent those previous rate filings, in the aggregate, constitute an increase in the effective annual premium rate increase in excess of 12% of the previous effective annual premium rates for the HSA and HRA Plans;
- (4) GHMSI will maintain the rates for the HSA and HRA Plans at an amount equal to a 12% increase in the Plan rates over the 2009 premium rates for the HSA and HRA Plans for 2010; and
- (5) The Department has authority to rescind the previously approved rates pursuant to section 9 of the Hospital and Medical Services Corporation Regulatory Act of 1996 (D.C. Law 11-245; D.C. Official Code § 31-3508) and in accordance with this Consent Order, GHMSI has withdrawn its request for rates increases above 12% for the HSA and HRA Plans for 2010.

IT IS THEREFORE ORDERED, based on each of the **FINDINGS** set forth above, that the approval of the Filing is hereby rescinded, and the rates approved in the Filing shall no longer be effective after April 15, 2010; and

IT IS FURTHER ORDERED, THAT, based on each of the **FINDINGS** set forth above, the approval of any previous rate filings effective in 2010 is hereby rescinded to the extent those previous rate filings constitute for 2010 an increase in the premium rates in excess of 12% of the 2009 premium rates, and such previously approved rates shall no longer be effective after April 15, 2010; and

IT IS FURTHER ORDERED, THAT, GHMSI, in its continued cooperation with the Department and for the benefit of the affected HSA and HRA Plans' policyholders, will provide refunds to the HSA and HRA Plans' policyholders for any premium paid in excess of a 12% increase in the HSA and HRA Plans' premium rates charged in 2009 during 2010.

It is so **ORDERED** on the date stated herein below.



Gennet Purcell
Commissioner

Dated this 13th day of April 2010.